

CITY OF MIAMI BEACH  
Office of the City Manager  
Letter to Commission No. 098-2004



**To:** Mayor David Dermer and  
Members of the City Commission

**Date:** April 29, 2004

**From:** Jorge M. Gonzalez  
City Manager

A handwritten signature in cursive script, appearing to read "Jorge".

**Subject: SPONSORSHIP RFP AND BID PROTEST**

The purpose of this LTC is to provide you information regarding a request to authorize negotiations with the recommended vendor in a sponsorship RFP process which was on the April 14<sup>th</sup> City Commission meeting agenda. The item was withdrawn due to a timely bid protest received addressed to me. Subsequently articles were written in the media regarding the process and erroneous allegations have been made.

Traditionally, I would make every effort to ignore the inflammatory and inaccurate coverage; however, in the situation where ethics and integrity are involved, such allegations can not go unresponded or left uncorrected.

This LTC will review in detail the process that was followed for the entire RFP relative to sponsorships and identify the different parties involved at each step of the process.

### PROCESS

The notion of sponsorships as a revenue generating support mechanism for City programs and projects was first identified and communicated to the City Commission as part of the Parks and Recreation Blue Ribbon Citizens Committee Report that was submitted in May 2002. The Blue Ribbon Committee specifically suggested that the City undertake enhanced efforts to identify corporate opportunities to support Parks and Recreation programming and City activities.

In subsequent investigation of methods to implement the Blue Ribbon Committee recommendation, the City learned that a number of communities on a national basis have undertaken sponsorship opportunities resulting in substantial flows of revenue to the benefit of those particular communities. Typically those sponsorship opportunities have taken the form of multi-year soft drink endorsements but have also recently included other national corporations.

In order to focus appropriate attention on this important endeavor and to help implement the recommendation, the City hired an individual to address this subject and to provide technical assistance. Mr. Jay Moore was hired on December 16, 2002 to focus on sponsorship opportunities and to help develop means and methods to assist the Parks and Recreation Department. In addition to background research associated with national sponsorship opportunities, Mr. Moore has also been very successful in attracting

advertising to the City's Recreation Review Magazine to the point that most of the costs of publishing and mailing the document to every household in the community are now supported by advertising.

The initial efforts of the City to implement a sponsorship program involved national research into successful undertakings by other municipalities in this particular area. A number of cities were identified primarily in the state of California that had experienced success with a sponsorship program. The City obtained contracts from the cities, spoke to the city personnel and also made contacts with various representatives of the industry in order to better understand the sponsorship arena and to gather information for a City program.

As part of the City's early due diligence, it was quickly established that participating in the national sponsorship arena would require specialized help and assistance in order for the City to maximize opportunities for success.

The City proceeded to identify a number of national firms that had assisted communities in some way in national sponsorship programs and contracts. One of the firms contacted was the Superlative Group. The Superlative Group was under contract to Miami Dade County for similar work and was also a subsequent bidder in the City's RFP process. The Superlative Group also filed the bid protest letter that has sparked this particular discussion.

The City staff reviewed the credentials and experience of the different firms that had been contacted and made a preliminary determination that the Superlative Group would be able to assist the City in the development of a sponsorship program. The sponsorship program was to be two part undertaking with the first part being the development of an asset inventory by a consulting firm for less than \$25,000 and the second part to be a competitively bid contract to assist the City with a sponsorship program. The approach was intended to give the City as much information as possible in the first part, before having to solicit a consultant for the larger contract in the second part. Discussions with the Superlative Group progressed to the point of discussing potential contract terms for completing the first part of the work, an asset inventory, to prepare for a formalized RFP process to follow.

As the discussions with the different consulting groups including the Superlative Group progressed, it became apparent that there were other potentially interested vendors or providers of service in the market place that the City might appropriately need to contact or invite into a process. In addition, it became apparent through research that there was a potential for a successful company to enter into a contract with the City for consulting services that could generate over the life of a contract a substantial sum of funds. Given the interest of other vendors in the market and the dollar amounts prospectively involved in a contract, the City made the specific and conscious decision to end an informal selection process for a two part project and move to a more structured and formalized RFP to invite competitive proposals for a complete package of sponsorship assistance to the City.

On July 30, 2003, the City Administration presented to the City Commission a request to issue an RFP for consulting services to assist with national corporate sponsorship opportunities. The City Commission unanimously approved the RFP and an RFP was subsequently issued by the City Administration.

Consistent with the City's RFP practices, a Selection Committee of staff and residents was appointed and the membership was conveyed to the City Commission for comment in an LTC dated October 17, 2003. No comment was received from the Commission and the Selection Committee proceeded to review the RFP proposals.

Eight proposals were received and seven were reviewed by the Selection Committee. One vendor elected not to present to the Committee. As a result of the Selection committee review and discussion, Sports and Sponsorship was ranked as the number one vendor and IMG the second vendor in the ranking process. Both scores and evaluations on the abilities and credentials of the two firms were ranked very close. The proposal of Superlative Group was not ranked in the top four proposals by the Committee.

In preparing this item to present to the City Commission, the City Administration determined that there were several key and important facts that had not been fully developed as part of the Selection Committee review discussion. As such, a supplemental questionnaire was sent to the leading four proposers in the RFP Selection Committee review process. Only the four proposers ranked by the Committee were invited to submit additional information. This process of requesting additional information is not an unusual part of the procurement process and is used to assure that full information on proposals is available to the Administration and Commission.

The Administration received the written responses of the leading four vendors. Before sending the item to Commission for consideration, the original selection Committee was reconvened and provided the supplemental materials for review and comment. Only four of the members were available to review the supplement.

The Administration evaluated all of the information available, together with the Selection Committee discussion and information to develop a recommendation for the Commission. As the original materials submitted for review by the selection committee were rather general, the supplemental questions which were very focused and specific (copy attached) formed an important basis for a recommendation. Supplemental information on projects completed for similar entities as the City, details on the project team, and more specific and detailed information as to the method of approach to the project were solicited. As a result of the much more detailed material submitted by the leading four vendors, it was determined that IMG had a better overall technical proposal for the City, broader actual experience in performing sponsorship work and a more experienced project team that had worked together on a number of projects over a period of years.

A recommendation was forwarded to the City Commission for the April 14<sup>th</sup> City Commission meeting **to authorize the City Administration to enter into contract negotiations with the firm IMG.**

Prior to the April 14<sup>th</sup> City Commission meeting, the Administration presented to the members of the Finance and Citywide Project Committee at its April 6<sup>th</sup> meeting, a background discussion item so as to reacquaint the members of the Finance Committee with the background associated with the sponsorship program and work that had been completed to date. No action was required or requested and the Finance Committee recommended that the entire matter be moved to the City Commission for final determination.

The materials that were submitted to the City Commission for review and consideration were the Selection Committee review and comments, the Administration's review and comments and the background proposal information made by each of the two highest ranked vendors. The only action sought from the City Commission was to authorize negotiation for a contract.

Prior to the April 14<sup>th</sup> City Commission meeting, a bid protest letter was received from the Superlative Group relative to the recommended rankings and the request for authorization to negotiate a contract. In order to investigate the Superlative Group bid protest, the matter was withdrawn by the City Administration from the Commission Agenda, as is the customary practice when a protest is received that requires appropriate research and review.

#### Media Inaccuracies

Specific inaccuracies regarding the previously described process which are contained in the media coverage and require clarification and correction include the following:

- It has been reported that a prepared contract was included in the agenda material and recommended for approval by the members of City Commission.

As indicated previously, the material submitted to the City Commission included the proposals by the two leading firms and the Administration's review relative to those professional qualifications. While the proposers included desired contract information, no recommendation was forwarded to the City Commission on a contract. The Commission Memo indicated that the Finance Committee recommended proceeding with a negotiation strategy for a contract with the successful firm that relied more heavily on a commission arrangement for payment of the consulting firm rather than front end fees. No recommendation on contracts was submitted to the Commission and no action was requested or required by Commission on contracts.

- Assertions have been made that City officials were aware of the alleged influence exerted by Mr. Michael Milberg to influence the RFP process.

This statement is factually inaccurate. Mr. Milberg was one of the sponsorship vendors that was contacted in the early or preliminary stages of due diligence by the City inasmuch as he had a contract with the City for the vending machines on City properties. There were no conversations with City officials at any level with Mr. Milberg once the RFP process had been commenced. No City officials are aware of private

conversations which might have been undertaken between Mr. Milberg, the Superlative Group or any other of the vendors in the RFP process. It is factually inaccurate to say that City officials at any level were aware of influence alleged to have been asserted by Mr. Milberg in this process.

- It has been reported that the City Administration was asking the Commission to approve a specific monthly retainer and contract arrangement.

The representation is factually inaccurate as the request to the Commission was specifically to request authorization to negotiate. The Commission Memo specifically referenced the Finance Committees suggested strategy of contract structure, which was to have a no front end cost contract and commission reimbursement as a basis for retaining a firm.

### Conclusion

The media attention clearly attempts to establish a conspiracy and improper behaviors where none exist. It is very unfortunate that with the facts that are readily available and verifiable and public officials who are willing to address such information, that some in the media would choose to print such inaccurate and inflammatory coverage relative to a process undertaken by the City. The process undertaken by the City for a sponsorship program was intended to be a benefit to the City, and was undertaken with the appropriate due diligence and research associated with any of the projects which the City pursues. As most of you know on a personal level, this type of inaccurate and misleading coverage occurs occasionally in the public sector. It is one of the very great frustrations of the public sector to be subjected to this type of innuendo with no ability for recourse or a venue to correctly report facts.

As is customary, upon receipt of the timely bid protest, I immediately referred the matter to the City Attorney's office and our Procurement Director for appropriate review and action. Staff had begun to investigate the issues raised and had contacted Superlative to seek greater input and information when they were directed to discontinue their efforts and it is my understanding that this matter has since been referred to the State Attorney's office for investigation. While in this instance, the process has been altered, I assure you that I and the Administration will cooperate fully with the State Attorney, however they determine to proceed.

JMG\RCM\sam

F:\cmgr\ALL\BOB\sponsorship\ltc.doc